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State/Territory Name: Arizona

State Plan Amendment (SPA) #: 13-016

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form
- 3) Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
San Francisco Regional Office
90 Seventh Street, Suite 5-300 (5W)
San Francisco, CA 94103-6706



DIVISION OF MEDICAID & CHILDREN'S HEALTH OPERATIONS

MAR 03 2014

Tom Betlach, Director
Arizona Health Care Cost Containment System
801 East Jefferson Street
Phoenix, AZ 85034

Dear Mr. Betlach:

Enclosed is an approved copy of Arizona State Plan Amendment (SPA) 13-016, which was submitted to CMS on December 18, 2013. This amendment updates the State Plan to add underpayments to the Recovery Audit Contractor (RAC) program effective January 1, 2014 as requested.

Enclosed are the following approved State Plan pages to be incorporated within your State Plan:

- Section 4.5b, pages 36b-36c

If you have any questions, please have your staff contact Cheryl Young at (415) 744-3598 or at cheryl.young@cms.hhs.gov.

Sincerely,

/s/

Gloria Nagle, Ph.D., MPA
Associate Regional Administrator
Division of Medicaid & Children's Health Operations

cc: Wakina Scott
HeeYoung Ansell

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: Centers for Medicare and Medicaid Services		1. TRANSMITTAL NUMBER: 13-016	2. STATE Arizona
		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR CENTERS FOR MEDICARE AND MEDICAID SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE January 1, 2014	
5. TYPE OF PLAN MATERIAL (<i>Check One</i>): <input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT			
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (<i>Separate Transmittal for each amendment</i>)			
6. FEDERAL STATUTE/REGULATION CITATION: 1902(a)(42)(B)(i) and 1902(a)(42)(B)(ii)		7. FEDERAL BUDGET IMPACT: N/A	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Section 4.5b, pp. 36b, 36c		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (<i>If Applicable</i>): Same	
10. SUBJECT OF AMENDMENT: Updates the State Plan to include underpayments for Recovery Audit Contractors			
11. GOVERNOR'S REVIEW (<i>Check One</i>): <input checked="" type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> OTHER, AS SPECIFIED: <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
12. SIGNATURE OF STATE AGENCY OFFICIAL: /s/		16. RETURN TO: Monica Coury 801 E. Jefferson, MD#4200 Phoenix, Arizona 85034	
13. TYPED NAME: Monica Coury			
14. TITLE: Assistant Director			
15. DATE SUBMITTED: 12-18-13			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED: December 12, 2013		18. DATE APPROVED: MAR 03 2014	
PLAN APPROVED – ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: January 1, 2014		20. SIGNATURE OF REGIONAL OFFICIAL: /s/	
21. TYPED NAME: Gloria Nagle		22. TITLE: Associate Regional Administrator Division of Medicaid & Children's Health Operations	
23. REMARKS:			

Revision:

State: Arizona**SECTION 4 – GENERAL PROGRAM ADMINISTRATION****4.5b Medicaid Recovery Audit Contractor Program**Citation

☒ The state has established a program under which it will contract with one or more recover audit contractors (RACs) for the purpose of identifying overpayments and underpayments of Medicaid claims under the State plan and under any waiver of the State plan.

Section 1902 (a)(42)(B)(i) of the Social Security Act

☐ The state is seeking an exception to establishing such program for the following reasons: .

Section 1902 (a)(42)(B)(ii)(I) of the Act

☒ The State/Medicaid agency has contracts of the type(s) listed in section 1902(a)(42)(B)(ii)(I) of the Act. All contracts will meet the requirements of the statute by April 1, 2012. RACs are consistent with the statute.

Place a check mark to provide assurance of the following:

☒ The State will make payments to the RAC(s) only from amounts recovered.

☒ The State will make payments to the RAC(s) on a contingent basis for collecting overpayments.

Section 1902 (a)(42)(B)(ii)(II)(aa) of the Act

The following payment methodology shall be used to determine State payments to Medicaid RACs for identification and recovery of overpayments

☒ The State attests that the contingency fee rate paid to the Medicaid RAC will not exceed the highest rate paid to Medicare RACs, as published in the Federal Register.

☐ The State attests that the contingency fee rate paid to the Medicaid RAC will exceed the highest rate paid to Medicare RACs, as published in the Federal Register. The State will only submit for FFP up to the amount equivalent to that published rate.

TN No. 13-016
Supersedes
TN No. 10-012

Approval Date: MAR 03 2014

Effective Date: January 1, 2014

_____The contingency fee rate paid to the Medicaid RAC will exceed the highest rate paid to Medicare RACs, as published in the Federal Register. The State will submit a justification for that rate and will submit for FFP for the full amount of the contingency fee.

Section 1902 (a)(42)(B)(ii)(II)(bb) of the Act

✓ The following payment methodology shall be used to determine State payments to Medicaid RACs for the identification of underpayments (e.g., amount of flat fee, the percentage of the contingency fee). The RACs compensation for underpayments will be based on the amount of the actual underpayment amounts paid to providers identified from the improper payment recovery review process. The Contractor will be paid a contingency fee of 10.5% of the underpayments paid to providers. The contingency fee for underpayments will be paid for underpayments of \$250.00 or more on claims submitted on a UB04, and \$100.00 or more on claims submitted on CMS 1500 and ADA forms. The automated review process will identify a clearly improper payment and the complex review will include a medical documentation review to verify the claim payment which will also look at the proper coding on claims submitted.

Section 1902 (a)(42)(B)(ii)(III) of the Act

✓ The State has an adequate appeal process in place for entities to appeal any adverse determination made by the Medicaid RAC(s).

Section 1902 (a)(42)(B)(ii)(IV)(aa) of the Act

✓ The State assures that the amounts expended by the State to carry out the program will be amounts expended as necessary for the proper and efficient administration of the State plan or a waiver of the plan.

Section 1902 (a)(42)(B)(ii)(IV)(bb) of the Act

✓ The State assures that the recovered amounts will be subject to a State's quarterly expenditure estimates and funding of the State's share.

Section 1902 (a)(42)(B)(ii)(IV)(cc) of the Act

✓ Efforts of the Medicaid RAC(s) will be coordinated with other contractors or entities performing audits of entities receiving payments under the State plan or waiver in the State, and/or State and Federal law enforcement entities and the CMS Medicaid Integrity Program.